

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EA/VLC:TMCARNEY:JY

APPROVED BY EA:WGLEYSTEEN

EB/ID/ODF:A WATSON (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY VIENTIANE

INFO AMEMBASSY BANGKOK

AMCONSUL HONG KONG

AMEMBASSY PARIS

AMEMBASSY KUALA LUMPUR

AMEMBASSY TOKYO

AMEMBASSY SINGAPORE

AMEMBASSY MANILA

AMEMBASSY JAKARTA

AMEMBASSY CANBERRA

CINCPAC

C O N F I D E N T I A L STATE 308929

EXDIS, MILITARY ADDEE HANDLE AS SPECAT EXCLUSIVE

E.O. 11652: XGDS-3

TAGS: EAID, PDIP, US, LA

SUBJECT: U.S. VOTES AGAINST WORLD BANK (IDA) PROJECT FOR

CINCPAC FOR POLAD PSS ASST. SEC"Y

1. ON DECEMBER 27 AMERICAN EXECUTIVE DIRECTOR E. FRIED
ASKED THAT U.S. OPPOSITION TO A PROPOSED 8.2 MILLION DOL
IDA LOAN FOR LAOS BE RECORDED IN THE MINUTES OF THE WORLD
BANK BOARD, MEETING TO CONSIDER THE PROJECT. HE DID NOT
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ELABORATE BEYOND STATING THAT IN DOING SO HE WAS ACTING
IN ACCORD WITH A MEMO OPPOSING THE PROJECT SENT TO
MCNAMARA IN OCTOBER WHEN THE INTENTION TO NEGOTIATE THE
LOAN FIRST CAME UP. A MAJORITY OF THE IBRD BOARD APPROVED
THE PROJECT. THE NEXT
STEP IS LAO GOVERNMENT SIGNATURE, A FORMALITY SINCE THE
PROJECT HAS ALREADY BEEN NEGOTIATED.

2. THE PROJECT PROVIDES 8.2 MILLION DOL IN CREDITS THROUGH 1982 FOR "AGRICULTURAL REHABILITATION AND DEVELOPMENT" IN VIENTIANE PROVINCE. INCLUDED ARE FUNDS FOR IRRIGATION, PIG MULTIPLICATION UNITS, SEED, FERTILIZER AND INSECTICIDE. (WE WILL POUCH A COPY OF THE PROJECT APPRAISAL TO VIENTIANE.)

3. LAO AUTHORITIES ARE PROBABLY AWARE OF U.S. OPPOSITION TO THE PROJECT. LAOS SHARES A WORLD BANK DIRECTOR AND HE PRESUMABLY KEEPS IN TOUCH WITH THEIR EMBASSY ON ISSUES OF SUCH IMPORTANCE. THE LAO SHOULD ALSO BE AWARE OF THE PRESIDENT'S LETTER TO THE CONGRESS PROMISING TO INSTRUCT THE TREASURY DEPARTMENT TO VOTE AGAINST INTERNATIONAL FINANCIAL INSTITUTION (IFI) PROGRAMS FOR LAOS, VIETNAM, CUBA, UGANDA, ANGOLA, CAMBODIA, MOZAMBIQUE, DURING FY 1978. YOU WILL RECALL THAT PRESIDENT WROTE THIS LETTER TO FORESTALL LEGISLATION WHICH WOULD HAVE REQUIRED SUCH ACTION.

4. WE SUGGEST THAT IF ASKED YOU TAKE THE FOLLOWING LINE WITH THE LAO: (A) REVIEW STRONG CONGRESSIONAL OPPOSITION TO AID FOR LAOS ET AL, INCLUDING THE THREAT TO LEGISLATE AND THE ADMINISTRATION VIEWS THAT SUCH LEGISLATION WOULD UNDERMINE THE KEY ROLE OF IFI'S IN WORLDWIDE ECONOMIC DEVELOPMENT; (B) NOTE THAT THE HOUSE DESISTED FROM SUCH CONFIDENTIAL

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SWEEPING LEGISLATION ONLY AFTER THE PRESIDENT PROMISED TO INSTRUCT TREASURY TO VOTE AGAINST PROGRAMS FOR THE SEVEN NATIONS IN QUESTION; (C) EXPLAIN THAT AMONG THE REASONS FOR THE U.S. ATTITUDE AS EXPRESSED IN THE PRESIDENT'S LETTER TOWARD IFI LOANS FOR LAOS ARE ITS LACK OF PERFORMANCE ON MIA AND ITS QUESTIONABLE HUMAN RIGHTS RECORD. VANCE

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